

EXHIBIT B

UTA Capital LLC
100 Executive Drive, Suite 330
West Orange, NJ 07052

**Amendment No.1, dated as of March 24, 2010 (the "Amendment"), to original Term Sheet,
dated as of March 5, 2010, relating to Proposed Terms for Senior Secured Exit Loan as
Part of
Borrowers' Plan of Reorganization (the "Term Sheet")**

This Amendment No.1 to the Term Sheet is intended to be a binding obligation of the parties effective from and after the execution and delivery by Borrowers and Lender of the loan documentation contemplated by the Term Sheet, and constitutes a commitment of the other parties hereto to exclusively support, and vote in favor of, a plan of reorganization jointly proposed by Lender, the Debtors and the official committee of unsecured creditors of Tarragon Corporation and its affiliates (the "Creditor Committee"), subject to the terms and conditions provided herein. Capitalized terms used herein and not defined herein shall have the meanings ascribed to them in the Term Sheet.

\$4,820,000 Senior Secured Exit Loan

**Loan Agreement to Govern
as to Certain Terms:**

The parties hereto acknowledge and agree that except as otherwise set forth herein, all terms set forth in the original Term Sheet are superseded by the Loan Agreement dated as of the date hereof being contemporaneously executed and delivered by Borrowers and Lenders (the "Loan Agreement").

Support of Interim Order

Tarragon will file and seek approval of the interim Order (as defined in the Loan Agreement) immediately following execution and delivery of the Loan Agreement. The parties to this Term Sheet severally covenant and agree to use their respective reasonable best efforts to obtain such interim order by March 31, 2010.

Support of Plan:

Tarragon will file and seek confirmation of a plan of reorganization (the "Plan") consistent with the terms and conditions of the Loan Agreement. The parties to this Term Sheet severally covenant and agree to use their respective reasonable best efforts to exclusively support confirmation of the Plan.

Reasonable best efforts will be made to prepare the Plan, Disclosure Statement, order confirming the Plan, and all other required documents, and seek and obtain final bankruptcy court approval and confirmation of the Plan, following all applicable

notice and hearing requirements, by no later than June 15, 2010. By no later than April 5, 2010, the Borrowers shall provide to Lender a final draft of the Plan and accompanying Disclosure Statement, which shall incorporate the terms of the Loan Agreement.

In furtherance of the foregoing, each of the parties hereto agrees for itself, that it will:

(i) consent to and support entry of the Interim Order and the Borrowers entering into and performing under the Loan Agreement pursuant to the terms thereof;

(ii) from and after the date hereof, not directly or indirectly seek, solicit, support or vote in favor of, as applicable, any other plan, sale, proposal or offer of dissolution, winding up, liquidation, reorganization, merger or restructuring of the Borrowers that could reasonably be expected to prevent, delay or impede solicitation, confirmation or consummation of the Plan or any document filed with the Bankruptcy Court in furtherance of soliciting or confirming the Plan or consummating the transactions contemplated thereby;

(iii) following receipt of the Disclosure Statement, vote all claims that it holds or controls, if any, in favor of the Plan, and thereafter not withdraw or change such vote so long as the Plan is not modified except with the consent of the Lender;

(iv) not object to or otherwise commence any proceedings or take any other action opposing any of the terms of the Loan Agreement or the Plan;

(v) in the case of the Unsecured Creditors' Committee, recommend it members to vote in favor of the Plan; and

(vi) cause any direct or indirect or transferee of any of its claims to agree to be subject to this Amendment No. 1 as a condition of any such sale, assignment or transfer.

**Survival of Certain Term
Sheet Provisions:**

The provisions of the Term Sheet entitled "New Ansonia", "New Ansonia Option", "Collateral" (2nd paragraph only), "Beachwold Parties Waiver", "Ansonia Waiver and Tax Neutrality", "Property Management", "Legal Fees/Expenses", "Expense Reimbursement upon Alternative Transaction" and "Governing Law and Venue" shall survive execution and delivery of the Loan Agreement and the making of any advances under the Loan Agreement.

Exclusivity: Neither Borrowers nor any other party hereto shall enter into any negotiations or agreements with any other party other than Lender with respect to exit financing for a liquidating plan of reorganization or other plan of reorganization, or replacement DIP financing, unless Lender is in material breach of its obligation to provide initial funding under the Loan Agreement in accordance with its terms.

Expense Reimbursement upon Alternative Transaction: Following the execution of this Term Sheet by all parties, in the event that a financing transaction similar to the transaction described herein is consummated with a party other than Lender (the "Alternative Transaction"), then Borrowers will support a motion by Lender for reimbursement of its reasonable expenses actually incurred by Lender in connection with the Loan to the extent permissible and allowable under section 503(b) of the Bankruptcy Code (such expenses not to exceed 3% of the amount of the Loan), all payable at the closing of the Alternative Transaction.

Governing Law and Venue: This Term Sheet and the definitive transaction documents will be governed by the laws of the State of New York, without regard to the principles of conflict of laws thereof. The United States Bankruptcy Court for the District of New Jersey where the Borrowers' Chapter 11 cases are pending shall be the exclusive venue for the adjudication of all disputes.

The parties hereto agree to the foregoing amendment of the Term Sheet.

[Signature Page Follows]

Agreed and accepted March 24, 2010

OFFICIAL COMMITTEE OF UNSECURED
CREDITORS OF TARRAGON CORPORATION,
et al.


By: _____

Name:

Title:

UTA CAPITAL LLC

By: YZT MANAGEMENT LLC, its Managing
Member

By:  _____

Name: Udi Toledano

Title Managing Member

TABERNA CAPITAL MANAGEMENT, LLC

By: _____

Name:

Title:

BEACHWOLD PARTNERS, L.P.

By: _____

Name:

Title:

TARRAGON CORPORATION
(on behalf of itself and all other Debtors)

By: _____

Name:

Title:

Agreed and accepted March 24, 2010

OFFICIAL COMMITTEE OF UNSECURED
CREDITORS OF TARRAGON CORPORATION,
et al.

By: 

Name:

Title:

Raphael Licht
COO

UTA CAPITAL LLC

By: YZT MANAGEMENT LLC, its Managing
Member

By: _____

Name: Udi Toledano

Title Managing Member

TABERNA CAPITAL MANAGEMENT, LLC

By: 

Name:

Title:

Raphael Licht
COO

BEACHWOLD PARTNERS, L.P.

By: _____

Name:

Title:

TARRAGON CORPORATION
(on behalf of itself and all other Debtors)

By: _____

Name:

Title:

Agreed and accepted March 24, 2010

OFFICIAL COMMITTEE OF UNSECURED
CREDITORS OF TARRAGON CORPORATION.
et al.

By: _____
Name:
Title:

UTA CAPITAL LLC

By: YZT MANAGEMENT LLC, its Managing
Member

By: _____
Name: Udi Toledano
Title Managing Member


TABERNA CAPITAL MANAGEMENT, LLC

By: _____
Name:
Title:

BEACHWOLD PARTNERS, L.P.

By: 
Name: William S. Friedman
Title: GP

TARRAGON CORPORATION
(on behalf of itself and all other Debtors)

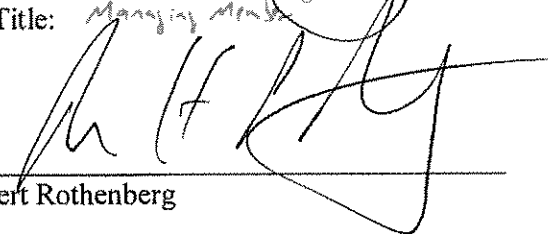
By: 
Name: William S. Friedman
Title: CEO

ANSONIA, LLC

By: 

Name: Robert Rothenberg

Title: Managing Member

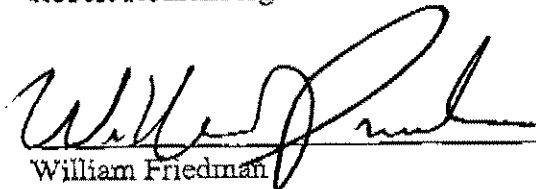

Robert Rothenberg

William Friedman

ANSONIA, LLC

By: _____
Name:
Title:

Robert Rothenberg


William Friedman